

Message Text

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PAGE 01 STATE 017503
ORIGIN SS-15

INFO OCT-01 ISO-00 SSO-00 /016 R

66011

DRAFTED BY: IO/UNA:BJSHARP

APPROVED BY: IO/UNA:JFTEFFT

S/S- O JGUNDERSEN

-----110044 232010Z /43

R 231903Z JAN 78

FM SECSTATE WASHDC

INFO USMISSION USUN NEW YORK 2450

C O N F I D E N T I A L STATE 017503

EXDIS FOR AMBASSADOR YOUNG FROM UNA

FOL TEL SENT ACTION SECSTATE INFO COLOMBO KACCA ISLAMABAD
KABUL NEW DELHI TEHRAN FROM KATHMANDU DTD 20 JAN 1978 QTE

C O N F I D E N T I A L KATHMANDU 0402

E X D I S

O. 11652: GDS

TAGS: ECON, ETRD, IN, IR, PK, UR

SUBJECT: INDIAN OCEAN "COMMON MARKET"

REF: A) KATHMANDU 0387, B) TEHRAN 198, C) ISLAMABAD 297,
D) NEW DELHI 702, E) KABUL 412

1. ADDRESSEES MAY HAVE NOTED IN REF A THAT
DURING MY MEETING WITH FOREIGN MINISTER ARYAL JAN 18
HE RAISED (WITHOUT PROMPTING ON MY PART) SUBJECT OF SHAH'S
VARIOUS SCHEMES FOR REGIONAL DEVELOPMENT INCLUDING
ASIAN HIGHWAY AND RAILWAY AND COMMON MARKET. SUBJECT
ALSO SURFACED RECENTLY IN LOCAL PRESS WHICH FEATURED AN
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EDITORIAL FROM A BANGLADESH DAILY CALLING FOR SOUTH ASIAN
SUMMIT TO DISCUSS PROSPECTS FOR PEACE, COOPERATION AND
DEVELOPMENT IN REGION AND ENDORSED
COMMENT REPORTEDLY MADE IN PAKISTAN DAILY THT SHAH'S
PROPOSAL FOR AN ASIAN COMMON MARKET SHOULD BE INCLUDED IN
THESE DELIBERATIONS.

2. MUCH OF CURRENT DISCUSSION IN PRESS AND ELSEWHERE ABOUT REGIONAL COOPERATION HAS BEEN GENERATED LOCALLY BY KING'S CALL FOR REGIONAL COOPERATION IN HARNESSING AREA'S WATER RESOURCES WHICH HE MADE IN OPENING ADDRESS TO RECENT COLOMBO PLAN MEETING IN KATHMANDU. PRESS IS ALSO COMMENTING FAVORABLY ON PRESIDENT'S REFERENCE TO THIS SUBJECT IN HIS SPEECH TO INDIAN PARLIAMENT AND WITH ITS UNDERSTANDABLE PAROCHIAL PERSPECTIVE HAS INTERPRETED PRESIDENT'S COMMENTS AS SUPPORTIVE OF KING'S INITIATIVE.

3. ALL THIS DISCUSSION ABOUT REGIONALISM, IN ADDITION TO BEING TOPICAL, REFLECTS MORE FUNDAMENTAL DESIRE OF NEPAL TO FIND COUNTER WEIGHT TO INDIA'S OVERWHELMING INFLUENCE IN NEPAL AND CONSIDERABLE CONTROL OF NEPAL'S ECONOMIC AND OTHER LINKS WITH OUTSIDE WORLD BECAUSE OF NEPAL'S LANDLOCKED STATUS. ON WATERS QUESTION, NEPAL SEES ITSELF LARGELY AT MERCY OF INDIA IN ANY NEGOTIATIONS FOR MOBILIZATION OF NEPAL'S SUBSTANTIAL WATER RESOURCES. IT WOULD LIKE THIRD PARTIES TO PARTICIPATE IN THESE NEGOTIATIONS AND IT WOULD WELCOME CUSTOMERS BESIDES INDIA FOR WHAT MAY EVENTUALLY BE ITS CONSIDERABLE HYDROELECTRIC POWER. AS FARFETCHED AS FOREIGN MINISTER ARYAL'S POINT (REF A) MAY SEEM TO BE AT PRESENT REGARDING USE OF CONFIDENTIAL

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NEPAL'S ELECTRICITY IN A COMMON-MARKET ARRANGEMENT OR TO HELP POWER AN ASIAN RAILROAD, NEPAL IS PREPARED TO GRASP AT SUCH STRAWS OR DREAMS.

4. ALL OF THIS IS BY WAY OF NOTING NEPAL'S INTEREST IN REGIONAL ARRANGEMENTS, NO MATTER HOW UNREALISTIC THEY MAY SEEM TO BE. WHILE FULLY AGREEING WITH POINTS MADE IN REFTELS THAT WE SHOULD KEEP OUR HANDS OFF THESE SCHEMES AND LET THEM DEVELOP NATURALLY -- IF AT ALL -- THERE MAY BE MERIT IF SUITABLE OPPORTUNITY PRESENTS ITSELF FOR AMBASSADOR SULLIVAN TO GENTLY REMIND SHAH IN ANY FUTURE DISCUSSION OF HIS SCHEMES FOR THIS AREA THAT IN NEPAL HE WILL FIND A SUPPORTER FOR HIS SCHEMES AND THAT HE MIGHT WANT TO EXPLORE MATTER BY LETTER OR OTHERWISE WITH HIS FELLOW MONARCH IN THIS PART OF THE WORLD. THIS MIGHT FURTHER APPEAL TO THE SHAH'S PATERNALISTIC ATTITUDE TOWARDS HIS ROYAL ASSOCIATES IN ASIA. IN ADDITION WHILE I HAVE NO ILLUSIONS ABOUT NEPAL'S INFLUENCE IN THE REGION, WHICH IS MINIMAL, IT MIGHT IN SOME SMALL WAY PLAY A CONSTRUCTIVE ROLE IN PROMOTING SUCH CONCEPTS WITH PAKISTAN AND OTHERS AND POSSIBLY OVERCOME SOME OF THEIR RESERVATIONS.

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Message Attributes

Automatic Decaptioning: Z
Capture Date: 01 jan 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: ECONOMIC COOPERATION, COMMON MARKETS
Control Number: n/a
Copy: SINGLE
Draft Date: 23 jan 1978
Decaption Date: 20 Mar 2014
Decaption Note: 25 YEAR REVIEW
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 20 Mar 2014
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1978STATE017503
Document Source: CORE
Document Unique ID: 00
Drafter: IO/UNA:BJSHARP
Enclosure: n/a
Executive Order: GS
Errors: N/A
Expiration:
Film Number: D780034-0351
Format: TEL
From: STATE
Handling Restrictions:
Image Path:
ISecure: 1
Legacy Key: link1978/newtext/t19780133/aaaabbqk.tel
Line Count: 117
Litigation Code IDs:
Litigation Codes:
Litigation History:
Locator: TEXT ON-LINE, ON MICROFILM
Message ID: aff924e1-c288-dd11-92da-001cc4696bcc
Office: ORIGIN SS
Original Classification: CONFIDENTIAL
Original Handling Restrictions: EXDIS
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 3
Previous Channel Indicators: n/a
Previous Classification: CONFIDENTIAL
Previous Handling Restrictions: EXDIS
Reference: 78 KATHMANDU 387, 78 TEHRAN 198, 78 ISLAMABAD 297
Retention: 0
Review Action: RELEASED, APPROVED
Review Content Flags:
Review Date: 05 may 2005
Review Event:
Review Exemptions: n/a
Review Media Identifier:
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
SAS ID: 3730017
Secure: OPEN
Status: NATIVE
Subject: INDIAN OCEAN \\"COMMON MARKET\
TAGS: ECON, ETRD, IN, IR, PK, UR, XO
To: USUN NEW YORK
Type: TE
vdkgvwkey: odbc://SAS/SAS.dbo.SAS_Docs/aff924e1-c288-dd11-92da-001cc4696bcc
Review Markings:
Sheryl P. Walter
Declassified/Released
US Department of State
EO Systematic Review
20 Mar 2014
Markings: Sheryl P. Walter Declassified/Released US Department of State EO Systematic Review 20 Mar 2014